The Impact of Competition on Local Radio

Faced with substantial competition from nearby Portland, radio broadcasters in the Kelso-Longview market have already taken steps to economize while maintaining their commitments to localism.

Terry Kynaston, the owner of KBAM and KAZL, explained the underlying economics of the market:

"I'm only in the people business. And what I sell is ideas to local businesses to help them attract our listeners to their places of business. I obviously can't do that if I don't have anybody listening. There's no way I can get listeners into my customers' places of business."

> If you turn your car radio on now, you'll find there's enough AM and FM signals coming into this marketplace so that you can stop — bing, bing, bing — all the way up and down the AM and FM dials. They're full of signals. Now if I don't have a listener, I haven't got anything to sell. I'm only in the people business. And what I sell is ideas to local businesses to help them attract our listeners to their places of business. I obviously can't do that if I don't have anybody listening. There's no way I can get listeners into my customers' places of business. If my listenership is cut back to the point where local businesses don't think it's worthwhile or worth as much investing in me, then where am I gonna be? I'm gonna be a dead duck.
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> If my listenership falls, obviously what I can charge my customers will fall. Let me give you an example. When we started operating our FM station, we were marketing 30-second spots for $20 with some success. But then we ran into some signal problems because of the terrain here. So we had to put in a translator. Our lawyers told us that it would take about three months to get FCC approval, but it ended up taking nine months before the Commission finally authorized a translator for us. Because we had those problems and were not delivering the impact our buyers were expecting, we had to offer a $17 rate to get our advertisers to buy. The same thing would apply if you had more outlets. Anytime you add more opportunities for listeners to do something else, there's audience fragmentation and you have less to sell to advertisers.

Steve Hanson elaborated on many of the same points:

We're selling numbers and additional competition will certainly drive our numbers down. You double the number of signals and it will drive those numbers down. It will drive them down. It will dilute the audience more and more and more. It used to be in the early days in radio that a station in Portland might have a 15 share of the audience. Now you look at the numbers of the radio stations in a large market and you ask what's the largest number that they have as far as audience share, and you are looking at a 7 share or 8.2. Stations are fighting for tenths of shares rather than full shares. Double-digit numbers are practically unheard of because the market has been so diluted. That's what will happen if you get another 40 or 50 signals in here. Pretty soon my numbers have to go down because now some people are going to tune in those new signals. Where they used to listen to the news in the morning with me, they don't listen to the news in the morning anymore. They tune me off the dial. I've lost a listener, my numbers do down, the advertising agency looks at Longview and says, 'Why would I want to buy in there?' That's probably 15 percent of our total income a year. Pretty soon we have to cut out one of the news people we have or cut other personnel, and we are less able to serve the community. Many of our employees have been with us virtually from the beginning. These people are local, they live and die here. They all own homes. What happens to them?

"We're selling numbers and additional competition will certainly drive our numbers down. . . . [M]y numbers do down, the advertising agency looks at Longview and says, 'Why would I want to buy in there?' That's probably 15 percent of our total income a year. Pretty soon we have to cut out one of the news people we have or cut other personnel, and we are less able to serve the community."

"The dilution of audience means the same thing with local dollars. The local dollars will keep drying up. The local dollars that used to be available in this marketplace are already getting smaller and smaller, the reason being is that local entrepreneurs aren't going into business because they cannot compete with the Wal-Marts and other big national operations."

The dilution of audience means the same thing with local dollars. The local dollars will keep drying up. The local dollars that used to be available in this marketplace are already getting smaller and smaller, the reason being is that local entrepreneurs aren't going into business because they cannot compete with the Wal-Marts and other big national operations. They're not there. We haven't had a major local business open up in this market in the last five years. You get small boutiques that open in this marketplace that are 'mom and pops' — the guy works at one of the mills, his wife wants a job, they open a boutique, a little restaurant, a coffee shop, whatever. Their advertising budget is $10 a month. It's going back to the days when I started in business and was out pounding door-to-door, selling spots for 'a dollar-a-holler.' The radio station was bankrupt and locked up by the IRS and I signed the station on, did play-by-play sports myself, signed it off, sold 90 percent of the advertising and ran the station with half a dozen people. Now what happens? You can't do it!

Hanson sees cable television increasingly as a competitor for local advertising:

> Today, we compete with cable television in this marketplace; it's become a significant competitor. The local advertisers go, 'Gee, I see my buddy on TV.' We've got seven or eight stations that businesses can advertise locally on cable — CNN, ESPN, and so on. A local retailer can buy the football package, and that's what they're doing. The small local advertisers are converting over to cable. They can see themselves on TV, they get comments, 'Hey, I saw you on TV.' We've been competing with that for some time and they sell their spots for less than we do.

In the face of expanding competition, Hanson said that he has been able to rely to some extent on the joint economies of running two stations:

"Today, we compete with cable television in this marketplace; it's become a significant competitor."

> Being able to operate the FM station was a big boost for us. If you look at an AM stand-alone radio station trying to survive in the marketplace, competing against the FMs that pull in 75 percent of the audience, it's definitely an uphill battle trying to survive. I know because that's what we were doing for a number of years. We've been helped by the economy of scale of operating the AM with our FM. We've been able to take the AM people and have them perform a variety of functions for both stations. I only had to hire one full-time person and another part-time person basically to sign the FM on the air. And now the FM is outbilling the AM and has been for quite some time. I see a significant economy of scale as a result of the FM. That has meant we can serve the community better.

However, Kynaston foresees a certain inevitability as competition intensifies:

> We're on satellite service part of the time for both of our stations here already. One of them, the FM, has an adult contemporary format. The AM is a classic country format. Right now we've got two on-air personalities who are running live morning shows from 6:00 a.m. until 10:00 a.m. We still interrupt sporadically throughout the day and insert other things, local news, things like that. We have a local news person who serves both stations. We also have a newspaperman in Castle Rock who does a special newscast from that area for us. He does that once a day. So we do provide some local news service, but that's the only way we can do it economically. If we had to cut back, these are the people we'd cut.

"We would probably ride the networks more. We would still insert some local-interest material, but not as much. . . . You find some different ways to operate that involve fewer people and less locally originated programming."

We would probably ride the networks more. We would still insert some local-interest material, but not as much. It would tend to be material that folks supplied to us, rather than news and human-interest programming that we produced. That certainly isn't what we want to do. As a matter of fact, we would prefer to go completely a different way. We would like to get away from satellite service. What's driven us to satellite programming is pure economics. We've had to do it to survive. When we first started our FM operations, we had three live disc jockeys, but we couldn't afford to pay everybody and keep the doors open. So, what do you do? You find some different ways to operate that involve fewer people and less locally originated programming.

"Let's say that this station becomes weaker and my competitors become weaker. Well then, what happens to our programming, the things that we're doing to serve the community? . . . [I]f I run into financial trouble, it's got to start affecting how we do business to a certain degree. You would have to trim staff."

Hanson sees the future in largely the same terms:

> Let's say that this station becomes weaker and my competitors become weaker. Well then, what happens to our programming, the things that we're doing to serve the community? Take the Vietnamese programs and Spanish programs I mentioned. It's a block of programs that serve the community. I think it's great. For years, there's been a polka program. We have a large Scandinavian population and they play it on Sunday. We have a church broadcast on Sunday mornings that we've been carrying for years. We all have our little niches in the way we're able to serve the community. But if I run into financial trouble, it's got to start affecting how we do business to a certain degree. You would have to trim staff. Obviously in our business, the first thing you'd think about is cutting from the biggest part of the expenses you have — people. We currently have 14 employees here who run two radio stations. Suppose we have to cut back. So we cut back the news person. That news person comes to work at this radio station every morning at 4:30 a.m., covers every city council meeting, every school board meeting, works probably an average of 16 hours a day, five days a week, and comes in here on Saturday mornings. But now we can't afford to have him. These are long-term employees that we're trying to take care of for retirement. We have a program where we contribute 5 percent of their annual income ever year for their retirement and they can put in another 10 percent. Now suppose we don't make any money, so we drop this program. What happens to people?

Kynaston sees a slow erosion in local service already as a result of increased competition:

> Today when we are using the satellite, we have a difficult time when we run contests and similar activities. We want to interact with our audience, we want to give away prizes and we want to have fun with them. We have to confine most of our contests to that four-hour block in the morning. We can do some other kinds of contests, but they are not as much fun. We can't field the phone calls here. If we field them, we can't put them on the air.

Concerns About the Future of Localism and the Impact of National Satellite Radio

In light of the considerable diversity of formats available today in the area, including ethnic programming, local broadcasters and community leaders see little to gain but potentially a great deal to lose if national satellite radio services succeed as predicted.

Terry Kynaston saw a direct connection between further economizing steps he might be forced to take and a diminution of localism:

> Today, we employ 14 people. We could operate with fewer people, but we wouldn't be able to provide the service that we want to provide to the community and the community deserves.
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> What would be lost if we became a more automated operation relying more on satellite programming is the interplay with listeners, the feeling that it's a local Longview/Kelso/Castle Rock station. We would lose the ability to get as much instant information out to the public. Right now, there's a guy who's sitting there and when he does a spot set, he may come in right behind it and say, 'We're going back to whatever it is we're going back to, but I want to remind you that we have the church fair or the rodeo coming up or that volunteers are needed for a good cause.' Or he might allude to the fact that we've got a concert in town or the fact that the schools are having tryouts now for the band: 'Tryouts will be at the school auditorium this afternoon at 2:00.' Well, there would be less of that. You would be able to do some of it with a taped insert, but it wouldn't be as spontaneous. It wouldn't occur as frequently.

"What would be lost if we became a more automated operation relying more on satellite programming is the interplay with listeners, the feeling that it's a local Longview/Kelso/ Castle Rock station. We would lose the ability to get as much instant information out to the public."

Steve Hanson also discussed the implications of further downsizing:

"The big equation is people, these people that serve the community. . . . What happens to those things for the community when you look at it and say, 'Okay, well here's this satellite and the writing's on the wall'? The first thing you cut is people. What happens then to the community service that you were able to provide before? It gets cut. . . . How do you serve the community with no people?"

The big equation is people, these people that serve the community. My sports director, a full-time guy, does the sports, and he does other things in the community. He's putting on the Bambino World Series here in 1997. He's the chairman. He put it on once before, about four years ago. He does all kinds of things for the community from the Heart Fund to the school sports banquet. What happens to those things for the community when you look at it and say, 'Okay, well here's this satellite and the writing's on the wall'? The first thing you cut is people. What happens then to the community service that you were able to provide before? It gets cut. The public-service time that you had, the time that you went off to do a live broadcast at the Community House (a shelter for displaced people — the homeless), they provide temporary housing here in town. You no longer have the staff to do that. The staff's smaller and you can't do those things. You just keep cutting them back. As your income goes down, you cut somewhere, and the only way to really cut is the salaries. And salaries translate into service to the community because those people are the ones who are doing the jobs that serve the community. How do you serve the community with no people?

"Other than the ball games, the Mariners and the Seahawks, we don't rely on satellite programming. If we had to, yeah, we would do that. Yeah, we could cut our expenses and go satellite. . . . [I]t wouldn't give the community the kind of outreach programming we do now. It also wouldn't be the Kelso station. It would be a local outlet for a satellite network."

He continued:

Let's say we take a 10-percent revenue hit. We'd be back to where we were when we started out. Back to trying to get in the black, to stay on the air. What we'd do is cut staff. We'd run the station cheaper than we are now. We'd have people do more voice tracks digitally. They'd just go in and record them. I would cut back on the staff. But that also means that my services to the community diminishes. I don't pay somebody to answer the phone or call the city department to have them do their little thing on the air. Everybody would have to write their own public-service announcement, bring them in and we'd stumble through them. Now we're actually able to do some real services for these types of organizations that they aren't able to do on their own. We do some outreach. We find things now. We go up to the dedication at the Volcano Center at Mount St. Helens. We go up there and do our morning show and broadcast live. Other than the ball games, the Mariners and the Seahawks, we don't rely on satellite programming. If we had to, yeah, we would do that. Yeah, we could cut our expenses and go satellite. And it would work. It wouldn't work as well as what we're doing now, because we would be giving up the ability — the flexibility — to do what we do now. And it wouldn't give the community the kind of outreach

programming we do now. It also wouldn't be the Kelso station. It would be a local outlet for a satellite network.

Kynaston sees the potential for a significant loss to the community:

Today we're part of our listeners' households. We're their friends. We're part of the family. That's the whole foundation and the philosophy on which my family has operated this business since its inception. If we aren't part of the community and doing things in the community and helping the community, then we're not doing our job and not doing what we're supposed to be doing.

"If we aren't part of the community and doing things in the community and helping the community, then we're not doing our job and not doing what we're supposed to be doing."

There are some questions I'd like to ask you: Where are the people going to turn for information about their local government? How are they going to find out about local school closings? How are they going to find out about the fire or the flood or other emergencies? How are they going to find out about an area that's blocked off because of an explosion or automobile accident? How are they going to get this information if we're not here? If we are no longer in business or are operating with a skeleton crew, how is that information going to be communicated?

His concerns were echoed by the community leaders. First, Pat Savi:

"There are a lot of small local businesses that are in very competitive markets and just barely surviving. To succeed, they need to advertise what they can do locally and they need to be able to do so at an affordable price. If local radio's ability to deliver audiences is reduced, you're going to hurt and maybe eliminate some of those businesses."

We use local radio to reach our local customer base in this region. If these stations become a less effective means of helping us sell our vehicles, we will certainly cut back on our advertising with them. We're in a business that works on real small margins, that's no secret. We have to do a certain amount of volume. There are a lot of small local businesses that are in very competitive markets and just barely surviving. To succeed, they need to advertise what they can do locally and they need to be able to do so at an affordable price. If local radio's ability to deliver audiences is reduced, you're going to hurt and maybe eliminate some of those businesses. Could we do more advertising through the newspaper? We could advertise through the newspaper and we do, but people don't drive a car and read the newspaper. You know, there are a lot more people today who live in their cars because they're driving more miles or they're in traffic. And so local radio is a very important source of advertising for us. We depend on it.

Then, Bob Schlert:

"I'll guarantee you that there is not one baseball field you can go to in Longview and see a Wal-Mart team or a Target team or any of the national firms — none of those support the local area. We do, and so do our local radio stations. They're out there pitching things and they do a lot on their own that they're not getting paid for.... What happens to the community when the local support and involvement dry up?"

I think there's an analogy between our business and the local radio stations. We hear the same things about national retailers that the radio stations hear about national radio stations. Customers can get along without us. Everybody can go to Wal-Mart and they can go to Target and they can go to the national chains. But I'll guarantee you that there is not one baseball field you can go to in Longview and see a Wal-Mart team or a Target team or any of the national firms — none of those support the local area. We do, and so do our local radio stations. They're out there pitching things and they do a lot on their own that they're not getting paid for. We do the same thing. We live in the community, we like the community, we support the community. The national chains, whether it be national media or the national retailers, they take — they don't put back. What happens to the community when the local support and involvement dry up? For a community of our size, the sense of community and local involvement are very important. We're a small community and the small things that happen here are big things to us. If you live in a large area — a Los Angeles — the small things, the community things that happen, you're going to be much less aware of and you're probably not going to hear much about them. I think what's important to us is precisely that sense of community cohesiveness. I think that's what builds a community. Going to a national service and not hearing or hearing less about the local things hurts that. I think dissipating that ability to function as a community in any manner is going to undermine the sense of community we have, and that's what we love, that's why we're here. That's why I don't live in Seattle anymore!

"What's going to happen if we take away the mechanism for us to communicate with the people and for the people to become better informed citizens? If you've got a satellite that gives you information about what's happening in Washington, D.C., but doesn't tell you what's happening in Longview, Washington, where are you going to get that information?"

And finally, Ed Irby, the Longview City Manager:

What's going to happen if we take away the mechanism for us to communicate with the people and for the people to become better informed citizens? If you've got a satellite that gives you information about what's happening in Washington, D.C., but doesn't tell you what's happening in Longview, Washington, where are you going to get that information? If I've got a worry, it's that we might be weakening one of the major ways we have to communicate with our citizenry and that helps keep them apprised of matters that affect them close to home. Our local radio stations have been very good about covering local news and their community involvement. They may have some rules and regulations that they are bound by, but they

voluntarily have made extra efforts to help the citizens of this community communicate with one another. If we didn't have that or had less of it, I don't know what we'd do to replace it.

The print media provide another means of communication, but it is a different kind of path. Our local paper publishes six days a week, but it's one time a day, whereas the radio stations are on all the time. If we have an emergency, if we have something that the community needs to know about immediately, radio is available any time, 24 hours a day. If there's less of it, what do you replace that with? That's a real question. I don't know the answer.

Hanford-Coalinga, California
Interviews

Tony Vieira
General Manager
KIGS

Jesus Larios
General Manager
KJOP

Ken Niles
General Sales Manager
KFO

Dr. Joseph Rudnicki
District Superintendent
Coalinga-Huron Unified School District

Stan Allen
News Director
KFO

Hanford-Coalinga, California

The Market

The towns of Hanford and Coalinga are located in California's fertile San Joaquin Valley. The economy of the region is based primarily on agriculture and dairy farming. It is a culturally diverse community with a wide range of incomes and levels of education. In the past, Coalinga also could rely on the oil industry, but that has changed. Today, the town depends on agriculture as well as a college and correctional facility for its job base.

Tony Vieira, the general manager of KIGS (Hanford), talked about the community:

> We are an agricultural community in the San Joaquin Valley and the Portuguese are a significant ethnic group with a long history in this region of the country. The area was originally Spanish, of course, but the Portuguese influence also goes way back. The majority of the Portuguese settlers who came here are from the Azores. It's also an agricultural area. They emigrated here because they saw it as an ideal location to start a new future building on what they knew. Right now, for example, California is a leading dairy producer for the nation and 93 percent of the dairies here are owned by Portuguese-Americans. A very high proportion of the employees in the dairy industry are also Portuguese-Americans. Tulare County and Kings County are the two leading counties in milk production here in California.
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> The people who emigrated did not have much, if any, education. They were skilled in agriculture and frequently they would maintain their dairy here as well as a farm in the Old Country. They would commute back and forth. They would be here five months, then one month voyage back and five months there and one month back. That's basically how the Portuguese started in this area. Now we have first-, second- and third-generations. First- and second-generation will speak Portuguese and often communicate at home in Portuguese. They speak fluent English, but they maintain their culture, their tradition, and the language is an important part of that. The third generation generally also speak some Portuguese —

"First- and second-generation will speak Portuguese and often communicate at home in Portuguese. They speak fluent English, but they maintain their culture, their tradition, and the language is an important part of that."

perhaps not fluently, but they speak and understand the language. The language and the family traditions play a very vital part in the life of the community.

"The majority of our listeners are farm workers, foremen, ranchers, cattle people, including many people who migrate from other states, and, of course, from Mexico. We have about 300,000 people in this area, perhaps two-thirds of whom are Spanish-speaking."

Jesus Larios, the general manager of KJOP (Hanford), added:

> This is one of the most productive agricultural areas in the country. We produce many different kinds of fruits and vegetables, and we produce large quantities of cotton. We have a dairy industry which is very, very big. The majority of our listeners are farm workers, foremen, ranchers, cattle people, including many people who migrate from other states, and, of course, from Mexico. We have about 300,000 people in this area, perhaps two-thirds of whom are Spanish-speaking. We have been a Spanish-language station since 1981. Our job is to entertain these people, many of whom work from 4:00 in the morning until late in the afternoon, and keep them informed about what's going on in the community.

The area has access to a wide variety of radio stations with formats including jazz/new age, classical, news/talk and "multilingual community radio."

"[W]e pick up quite a large number of signals — 45 or 50 signals. We've probably got about 30 AM signals we're competing against plus all the FMs. Then you've got cable TV, satellite TV, direct TV, laser disc TV. People also have their CD players and their cassette players. The market is pretty saturated."

Ken Niles, the general sales manager of KFO, described the radio market:

> As you will have noted driving in, we're in pretty flat country in the Valley up to the hills and the fault, so we pick up quite a large number of signals — 45 or 50 signals. We've probably got about 30 AM signals we're competing against plus all the FMs. Then you've got cable TV, satellite TV, direct TV, laser disc TV. People also have their CD players and their cassette players. The market is pretty saturated. We have two weekly newspapers. One long-established and a newcomer. We're in competition with them as far as advertising dollars are concerned.

He went on to talk about the advertising market:

> Most of our advertisers are local. We used to get some national or at least state buys here, but we don't get them now. The agencies are looking for numbers and an easy buy. I talk to the agency people and

they say, 'We're not going to buy your station and we're not going to explain to you why, and we don't have to.' I can put two and two together. I know why. I have the numbers here, but it takes just as much paper to sell a big station as a small station. They're looking for coverage and they naturally want to get it as cheaply as they can. Why make extra work for yourself? We occasionally sell a McDonalds by convincing the local manager that we do have the local audience here and can convince them to stop in and buy a hamburger, but it's a local buy.

"I have the numbers here, but it takes just as much paper to sell a big station as a small station. They're looking for coverage and they naturally want to get it as cheaply as they can. Why make extra work for yourself?"

The other local stations have slightly different profiles. Vieira explained:

Our advertising is basically local. Ethnic broadcasting has some difficulty with national advertising because you have to provide the proof of your market, but we've had considerable success with that. The agency buys include Mobil Oil, Kentucky Fried Chicken, companies like that. Our national advertising amounts to about a quarter of our total revenue.

"The agency buys include Mobil Oil, Kentucky Fried Chicken, companies like that. Our national advertising amounts to about a quarter of our total revenue."

What transpires with us on a national buy is first we are, of course, dealing with the ad sales agency. The agency would normally provide you with an ad ready to go on the air, but most of these agencies don't have personnel to do an actual spot in Portuguese. So what they do is they forward us the script. We have a very large digital library of the standard sound effects, musical backgrounds, promotional effects and so on. We create an ad to the standard the agency demands. We produce it and we are on the air. We do all that, but the agency still gets the full commission.

Larios added:

"Our national advertisers include Budweiser, Coors and Kentucky Fried Chicken. This type of client goes to an agency looking for coverage of markets. That's what we offer for the Spanish-speaking audience."

Our advertising breaks down about 40 percent national and probably 60 percent local. Our national advertisers include Budweiser, Coors and Kentucky Fried Chicken. This type of client goes to an agency looking for coverage of markets. That's what we offer for the Spanish-speaking audience. We're also selling to local businesses who buy advertising directly from us. It's mostly small businesses trying to generate sales from our listeners.

The Role of Local Radio in the Community

The stations in Hanford and Coalinga provide an extensive amount of local programming, while relying on very limited resources. Moreover, radio appears to play a unique role in the communities when compared to other local media — newspapers and cable television.

"The Portuguese population does not have a newspaper locally in the area. We don't have a TV station. The only means to get information out to the community, whether it is social events, births, deaths, marriages, is via the radio."

Tony Vieira described his station's role:

> The Portuguese population does not have a newspaper locally in the area. We don't have a TV station. The only means to get information out to the community, whether it is social events, births, deaths, marriages, is via the radio. Suppose the member of a family dies. We provide announcements so that people will know when the rosary is going to be said and when the funeral is going to be. We are the primary means of supplying that type of information. For people looking for work, we are the central point where the dairies call in and say, 'Hey, we are looking for somebody to milk. We are looking for somebody to work out in the field.' All of these activities, we provide in our daily broadcasts.
>
> Every Sunday we broadcast the local mass live. Why do we do that? People can go to the church and go to the mass. But you have the senior citizens who are in retirement homes, you have individuals at home sick who can't make mass, you have individuals who work and cannot go. Every day, seven days a week, we broadcast the rosary. At 7:30, once again, primarily for the older folks. We do what general-market radio stations use to do back in the 1950s when local radio was local radio, and when the community was your primary focus of interest.

Jesus Larios talked about KJOP's resources and efforts:

> We have 15 people working at the station, three full-time and the rest part-time. Currently we do not rely on satellite programming services of any kind. We have recorded music and live local groups. Tomorrow night, for example, a local group is going to come and play right here at the facility. It's like an old-fashioned radio station. That's what the people like.

"Since 1986, we've been picking one day of the year dedicated to the working family — the mom and dad working in the fields, and all the foremen and farmers. These people are up early in the morning, go to work during the nighttime, and do all this hard labor for low wages. This is a way to say 'Thank you' for all the things that they do for us. . . . We promote and help sponsor this festival. We cover all the festivities."

> We try to involve the community in all the big holidays — Cinqo de Mayo, September 16 — the big Mexican national holidays. Our people are very interested so we sponsor a variety of activities. There is a festival going on right now. Since 1986, we've been picking one day of the year dedicated to the working family — the mom and dad working in the fields, and all the foremen and farmers. These people are up early in the morning, go to work during the nighttime, and do all this hard labor for low wages. This is a way to say 'Thank you' for all the things that they do for us. This is what this festival is meant to honor. We have a big celebration at the fair grounds and get local musical groups to play and food is served. We promote and help sponsor this festival. We cover all the festivities.

Larios also spoke about radio's uniqueness:

"We do not have a big Spanish-language newspaper. We have many little ones — weeklies, biweeklies, monthlies. They are just like us. They compete with us for ad revenues. But a lot of people do not read the paper. First of all, some of them don't know how to read and some of them don't have the time. They come home tired. Working in the fields is not an easy thing. They probably use the paper to start a fire."

> What this means to people is that they have a radio station that they can depend on in good times and bad. We cover things that belong to the community. We do it out of a sense of obligation and because it's our community. We have a duty to provide these services to our community. We do not have a big Spanish-language newspaper. We have many little ones — weeklies, biweeklies, monthlies. They are just like us. They compete with us for ad revenues. But a lot of people do not read the paper. First of all, some of them don't know how to read and some of them don't have the time. They come home tired. Working in the fields is not an easy thing. They probably use the paper to start a fire. They don't have time to watch TV during the day because they are working. When they come home, they watch TV for a couple of hours, and then they have to go to bed because they have to get up early in the morning. In the morning, we start our programming at 4:00, at the time they go to work. We are their source of information.

The point about radio's accessibility, especially to those who cannot rely on printed media, was emphasized by Dr. Joseph Rudnicki, District Superintendent of the Coalinga-Huron Unified School District. He told us:

> I think there is another important aspect of radio. In a community such as this, we also have to be realistic and face reality in terms of the reading levels. Even though we have two different weekly newspapers, the reading level for those newspapers is much too high

for many of the people. So once again, how do you overcome that? Most newspapers are written at about the fifth- or sixth-grade reading level. I would assume that ours is at about that level. There is a significant portion of the population who can't read at that level.

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Vieira agreed:

Literacy is also a significant concern here. Once again, we are an agricultural community. And when you are an agricultural community, you have farm labor and the education level generally drops. We've been somewhat of a catalyst in that sense in promoting the importance of education. We have listeners who have come over here from Portugal or the Azores who never went to school there. They don't read or write. Radio plays a very important role as their means of getting information. We're what ties them to the community. They feel a little more like a part of the community.

"Literacy is also a significant concern here. We have listeners who have come over here from Portugal or the Azores who never went to school there. They don't read or write. Radio plays a very important role as their means of getting information. We're what ties them to the community."

Stan Allen, the news director (and entire news department!) of KFO in Coalinga, touched on many of the same themes:

We have an advantage over newspapers in terms of getting information out to the community. We scoop the news. We can tell people about things as they happen. We can provide news and information right on the air as a story breaks, and we frequently do. We operate from 6:00 a.m. to 6:00 p.m., but we're also on the air at night primarily to broadcast the local high-school football games and the city council meetings. We have two full-time employees. We're always live. We do news in the morning and at 12:30 p.m., 4:30 p.m., 5:30 p.m., plus a calendar twice a day — birthdays, anniversaries, announcements of local goings-on. We do a show on Mondays and Fridays called the 'Local Trading Post,' which is free and supplies people with a way to sell their old cars or some household items they no longer need. These are the kinds of things no one else can do. A Fresno station could not do it, let alone a national satellite station.

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Radio's immediacy is also critical in emergency situations, as Allen pointed out:

Coalinga is on a major fault line; we've taken some major earthquake hits. The last time our building tilted this way and then tilted that way. We went outside and it looked like a redevelopment area of San Francisco. But we managed to be on the air. We went out to the transmitter and hooked up an auxiliary source of power to go on the air and tell people what they needed to know — what the conditions were and what was happening. We were trying to keep people informed about the meetings that were occurring, the situation with the water and gas lines, where the Red Cross was, where the food centers were, where the shelters were. There were many buildings that had collapsed or were off their foundations. Throughout the emergency, we were providing people with that information on the radio.

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Dr. Rudnicki provided the perspective of a community leader and local citizen:

We have a newspaper that comes out on Wednesday, and another newspaper that comes out on Friday, each a few pages. As a result, if there's anything that's very important happening in the community, something very significant that needs to be known by the community quickly, radio is the only means that I know of that can do that. Radio is very critical for that.

"[I]f there's anything that's very important happening in the community, something very significant that needs to be known by the community quickly, radio is the only means that I know of that can do that."

I'll give you an example. We had a student walk-out last year during the Proposition 187 battle. Throughout the state, we had a number of student walk-outs. We have a very, very large immigrant community within this school district, and we had a significant number of students leave school one day and a smaller number leave on the next day as well. With respect to the walk-outs, some of the rumors that got going were just totally absurd, including one that the principal was leading the walk-out, which wasn't true. The way that got started was that the principal was outside monitoring the situation the whole time. So was I, but I happened to be in a police car. So it was rumored that the principal had been leading the walk-out and had been seen carrying the Mexican flag. We were able to get on the air and get all that cleared up.

There were also reports of violence throughout the state when this occurred. There were no incidents of violence here, but there were rumors of incidents. So I got on the air and was able to clear all that up. The result was that people knew what was going on, what we were doing as a school district, what the police department was doing and how we planned on handling the situation if it continued on the

next day. Also, it was rumored that there were no students who were disciplined, which wasn't true, so over the air we talked about the disciplinary actions that had been taken. Every single student who was involved in that was appropriately disciplined, as they normally would be for a cut from school.

"The rumors seemed to suggest that the system was in chaos, that the principal was leading the revolt. There were rumors of weapons and guns, none of which were true. . . . The community didn't know that. To inform them immediately about what was actually happening, we relied on the radio station."

The rumors seemed to suggest that the system was in chaos, that the principal was leading the revolt. There were rumors of weapons and guns, none of which were true. I was there almost the whole time during the walk-out, the principal was there the whole time, the police were on the scene almost immediately. The community didn't know that. To inform them immediately about what was actually happening, we relied on the radio station.

He also described how he saw radio helping build a sense of self-worth in the community's young people:

"What was happening was that we were beginning to hear this oral tradition of what the community, what the local culture, what our football team, what we're all about. And then, of course, we used it all on the air. . . . What this kind of thing does is it starts to bind people together and form a cohesiveness that otherwise is much more disbursed."

I became superintendent last year. Ken Niles at KFO told me he was planning to broadcast our high-school games and asked if I and the school district's business manager would be willing to do the play-by-play. The business manager said 'Yes' a little more strongly than I did — I said, 'Are you crazy?' But we got into it and for the community it just took off. Parents began to tape the shows and the football players would listen to our last broadcast on their way to the game. Russ and I started to be invited to the game-day players' luncheon. The reason why we started getting invited was the radio broadcast. It helped us because we'd know a little bit more about the game. But the kids were just delighted to see us. They started to give us stories. And then we started hearing from other people. What was happening was that we were beginning to hear this oral tradition of what the community, what the local culture, what our football team, what we're all about. And then, of course, we used it all on the air. We would talk about a particular stadium where we were playing and what had happened there in the past. We have a very active Boosters' Club. And we made sure that they got plugged in and that led to their being able to do more things. What this kind of thing does is it starts to bind people together and form a cohesiveness that otherwise is much more disbursed. As we moved through the season, we talked to the students who were admitted to different colleges and universities. We would then talk on the air about those kids, where they were going, what they would be doing, what course of study they would be pursuing, their career plans. This year we plan to follow up on those kids and talk to this year's seniors about where

they are going and what they're planning to do. We think this is a great way to create role models for our younger students. Kids need heros to admire and emulate. They need to see there is life after high school and big things to be accomplished in life. These sports broadcasts are supplying us with a great way to send those kinds of messages, one with which the kids really identify.

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Larios also sees radio as helping to create local role models:

> We have a local soccer league whose matches we cover. It's a local league of young people. There is a lot of local interest in that. There is also a lot of interest in the Mexican national team. When the Mexican team came to Fresno, it was a big event with all the favorite players, the heros. We talked to the kids about their favorite players. 'Would you like to play when you grow up?' And the kids would say, 'I would like to be like so and so.' That's the kind of involvement that we have. We get kids involved here at the radio station. We have two college kids who have a program here at the station. They have different music groups they feature and they counsel kids about the importance of education, staying drug-free, and events of interest to the young people.

"When the Mexican team came to Fresno, it was a big event with all the favorite players, the heros. We talked to the kids about their favorite players. 'Would you like to play when you grow up?' And the kids would say, 'I would like to be like so and so.' That's the kind of involvement that we have."

The broadcasters all emphasized the extent of their stations' active involvement in community affairs stemming from their roles as local businessmen. Vieira's story was typical:

> Our three objectives here in our programming are to entertain, inform and educate. We do that in a variety of ways. You've got to cater to all of these groups. We do segments on the folklore and traditions of our people. We have people in to explain how things used to be, how the traditions evolved and how they have been modified here in the United States. June is dedicated to the dairy industry and we have a big dairy festival that involves everything from antique tractors to a milking-cows-by-hand contest to cheese sampling. It also provides people outside the community with an opportunity to get to know our industry and to get to know the people involved in the industry better. We promote the festival on the station. We are there broadcasting live. Our DJs participate in the hand-milking contest. We have very personal contact with our listeners. Many of them we know on a first-name basis and they know us. We have our own booth at the

festival where we broadcast live. This year, our listeners wanted to see the general manager of the station milking the cows, so I was there milking the cow by hand.

"We brought people in and they talked about the history, how the celebration first came about and how it has evolved, how it is different there from what it is here. We had five different speakers, each with a different focus. It provided our younger generation with a chance to learn why we do this, how it originated, why it is that 10,000 people get together and hold a celebration, what the meaning of it is."

We broadcast an annual symposium on Portuguese literature and culture. We present guest speakers that come over from Lisbon or from the Azores. Our local city government and county governments get involved. It also allows other individuals, people from other ethnic groups, to get to know us better. Our topic this year was the Holy Spirit Celebration, which is a celebration in the Catholic religion that originated in the Azores. We brought people in and they talked about the history, how the celebration first came about and how it has evolved, how it is different there from what it is here. We had five different speakers, each with a different focus. It provided our younger generation with a chance to learn why we do this, how it originated, why it is that 10,000 people get together and hold a celebration, what the meaning of it is. We interact a lot with the community. And the station has been able to bring a lot into the community. The Feast of Saint Anthony is another important religious holiday for the Portuguese. There is a procession with an old tradition of carts pulled by the bulls and the traditional mass. We broadcast all of it.

The Impact of Competition on Local Radio

"Local radio is already being lost. Stations are under significant financial pressure, so they will do three hours in the morning of local programming. The rest of it will be satellite. . . . If your purpose is to work with your community and inform your community and be a part of your community, you simply can't do it or do as much."

With the large number of signals currently available in the area, many of them out of Fresno, local broadcasters in Hanford and Coalinga already face substantial competition. They have had to adapt to the new economic realities they face.

Tony Vieira said:

> Stations will adapt. We'll adapt. Stations have always adapted. The point is: What does the community lose? They will adapt too. They have no choice. Because what's on the air is what's on the air. If they want to listen to it, that is what they are going to hear. But they are the ones that are going to be losing. Local radio is already being lost. Stations are under significant financial pressure, so they will do three hours in the morning of local programming. The rest of it will be satellite. As a general manager, if I am working at the profit line, that is what I have to do. If your purpose is to work with your com-

munity and inform your community and be a part of your community, you simply can't do it or do as much. I don't feel that when the Communications Act was initiated that was the purpose of radio.

"Today, there is less and less local program origination — stations are losing that. More and more programming is being piped down by satellite. There is a computer terminal that does the work."

He continued:

> Today, there is less and less local program origination — stations are losing that. More and more programming is being piped down by satellite. There is a computer terminal that does the work. There may be a receptionist there, but she is not going to go on the air. If something comes up, she is going to call the general manager or the program director, and then the station is going to weigh how much revenue, how much advertising they are going to lose by cutting their feed. Interrupting messes up your computer, the way your ads are scheduled, the whole bit. Now if it is an EBS situation, of course, everybody cooperates.

"We have stations nowadays where they have virtually nobody at the station because they can remote their transmitters. . . . Obviously, more and more stations will be drawn to that kind of operation as their ability to earn revenues disappears."

Some stations have already been forced to take extreme steps, Vieira noted. He said:

> We have stations nowadays where they have virtually nobody at the station because they can remote their transmitters. There is no need to have somebody there. The public file is at the attorney's office in town and they have a telephone line that is answered at a certain location for the business, the sales office or whatever. But that's about the extent of it. Obviously, more and more stations will be drawn to that kind of operation as their ability to earn revenues disappears.

"The ultimate effect is that there is going to be no local programming. For example, if one of my listeners calls us in the winter and wants to know what the fog conditions are on southbound Highway 99, when you have a satellite network, they are not going to know."

The end result of steadily increased competition is clear to Vieira as he explained:

> The ultimate effect is that there is going to be no local programming. For example, if one of my listeners calls us in the winter and wants to know what the fog conditions are on southbound Highway 99, when you have a satellite network, they are not going to know. Today the local community is getting a blend of programming that has been formatted to serve all localities. News about the local activities, whether it be social activities or local weather conditions is not going to be there. There might be some EBS announcements or something like that, but that will be it.

Concerns About the Future of Localism and the Impact of National Satellite Radio

"I can go to the local used-car guy now and convince him to buy us because we have enough people listening so that it will produce some traffic for him at his lot. But if there are fewer listeners, he is going to be reluctant and not be willing to spend as much. If we don't get adequate support from the merchants in town, we can't operate."

Local radio broadcasters in Hanford and Coalinga see national satellite radio further undermining their advertising base. Ken Niles explained his concerns:

> If we face competition from new satellite services, we will see the audience divided more and more, and our piece of the pie or share of audience will become smaller and smaller. That would make it more difficult in terms of convincing people your station's time is worth buying. I can go to the local used-car guy now and convince him to buy us because we have enough people listening so that it will produce some traffic for him at his lot. But if there are fewer listeners, he is going to be reluctant and not be willing to spend as much. If we don't get adequate support from the merchants in town, we can't operate. If we want to cover the high-school football game, we incur costs. Who pays those bills? We've gotten quite a response during those games. People just thanked me wherever I went. Some people can come to the ballpark here in town, but they can't travel with the team. Others can't get to the ballpark — they're home with youngsters or are sick or unable to attend. The games are popular and we can get sponsorship. It's not like on television where people use the remote to avoid the commercials. They're not going to do that with us. They not going to turn away because they might miss a touchdown. But the station can't operate on what we make on those games.

"Why buy each individual station when you can buy a network and you've got them all? That would be the case with a satellite service selling to national advertisers. Why should an agency go to every market that they need to target when they've got a simple means of sending that message to each market? If the satellite service comes in and national advertisers can go to that one source and reduce local station buys, that is going to affect us very, very badly."

Tony Vieira sees the new national satellite services as especially threatening:

> The agency is buying numbers, but is also looking for convenience. Why buy each individual station when you can buy a network and you've got them all? That would be the case with a satellite service selling to national advertisers. Why should an agency go to every market that they need to target when they've got a simple means of sending that message to each market? If the satellite service comes in and national advertisers can go to that one source and reduce local station buys, that is going to affect us very, very badly. In addition to that, you are also spreading the listeners more thinly. You are dividing up listeners among an even larger number of signals. Today, we've got about some 40-50 odd signals penetrating our market.

"If we aren't able to deliver an audience, we have nothing to offer to advertisers and we have no way to cover our expenses. . . . And every time you put in another signal, you lose audience and divide the revenue up into smaller and smaller pieces."

> We're basically looking to cover our costs while providing a community service, but we can't afford to lose money. If we aren't able to deliver an audience, we have nothing to offer to advertisers and we have no way to cover our expenses. We are all deriving our revenues from one source. And every time you put in another signal, you lose audience and divide the revenue up into smaller and smaller pieces. It has affected everybody over the years. You are selling numbers. You are selling how many listeners you have. And every time you lose a listener, you have to change and you have less ability to make the amount of money that you need in order to maintain your station.

Jesus Larios agreed:

"[W]e won't have the audience to deliver because some of our listeners will no longer be listening."

> Advertisers are not going to pay us as much money as they do now. They're going to block us out. They'll say, 'Hey, we don't need you, we've got this big deal going on over here.' Or we won't have the audience to deliver because some of our listeners will no longer be listening.

The broadcasters all predicted the satellite radio would have an adverse impact on local programming.

"A lot of stations have shut the door already. They can't survive with all the competition they face. Other stations have gone to satellite programming — talk shows or music packages from the satellite. But you lose something because we're on the air live here in this town."

Ken Niles said:

> We're a small operation. If we lost 10 percent of our audience or our revenues, we'd probably have to shut the door. We couldn't survive. I think that would shut down a lot of radio stations in small towns. A lot of stations have shut the door already. They can't survive with all the competition they face. Other stations have gone to satellite programming — talk shows or music packages from the satellite. But you lose something because we're on the air live here in this town. People call us and say, 'Ken, have you got this record?' Or, 'I've got a birthday I'd like you to announce. Can you fit that on the air?' You can't do that on the satellite.

Vieira gave an example of a specific loss he foresaw:

In the valley, we have a very big problem in the winter. It is called the 'Tule Fog.' This area in the winter gets hit so hard with fog that you are not able to see five feet in front of you. In the last 10 years, we've had two major disasters on our local highways. One was here on Interstate 5. There was a 100-some-odd car pile-up there. We had another one on Highway 99, near Fresno, once again about 80 cars piled up there. The Highway Patrol counts on us to get the information out to people — 'Here are the fog conditions today. If you don't need to go out, don't go out.' 'There is an accident, take thus and such detour or an alternative route.' This year, we had a lot of rain which was good, but we lost a bridge on Interstate 5. It collapsed. Three weeks ago, somebody along the line cut a major telephone trunk and Kings County lost its 911 system. The population of Kings County had no means of getting ambulance, fire or police. It was out a total of about five hours. The Kings County Sheriff's Department immediately called the radio stations and asked us to constantly repeat what other number could be reached. They relied on us to get that information out. You are not going to get that from a digital satellite service if there is nobody here to get that information out.

"In the valley, we have a very big problem in the winter. It is called the 'Tule Fog.' . . . The Highway Patrol counts on us to get the information out to people — 'Here are the fog conditions today. If you don't need to go out, don't go out.' 'There is an accident, take thus and such detour or an alternative route.' . . . You are not going to get that from a digital satellite service if there is nobody here to get that information out."

Larios provided a similar example:

We keep an eye on the things that are happening in the community such as when we have a storm. A while back the Highway I-5 bridge fell and killed seven people. We went to the site to cover the accident and then we organized a relief effort for the families of the seven Hispanics who had been killed. The community needs this kind of a service and this kind of support in times of adversity. People expect KJOP to do this kind of thing because it's their radio station. We are here for the purpose of helping the community and to help our merchants. I feel that this new kind of radio service is going to hurt not just our radio station, but is also going to hurt the community because we are no longer going to be able to provide the community-support services we now do.

"We went to the site to cover the accident and then we organized a relief effort for the families of the seven Hispanics who had been killed. The community needs this kind of a service and this kind of support in times of adversity. People expect KJOP to do this kind of thing because it's their radio station."

Both Larios and Vieira see an even greater loss to the specialized ethnic audiences they serve.

First, Vieira:

> If I cannot make this station viable to pay for its expenses, to serve the Portuguese community, what's my choice? My choice is going to be to find another format that permits the station to survive. That may be more satellite feed or prepackaged programming. That would leave the community with less service or perhaps no service at all, no information, back to where it was years and years ago. There is no newspaper. There is no TV. There's nothing. We are it.

"That may be more satellite feed or prepackaged programming. That would leave the community with less service or perhaps no service at all, no information, back to where it was years and years ago."

Then, Larios:

> I think if this new service took even 1 percent of our listeners, that will hurt us because of the condition that we are in. We are already suffering. We are already scratching. We're trying to get out of the grave. If somebody comes along and pushes us in, we are not going to be able to get out. And then who will serve this community? Where is the information going to come from?

"If somebody comes along and pushes us in, we are not going to be able to get out. And then who will serve this community? Where is the information going to come from?"

The overall loss to the community could be even greater according to Superintendent Rudnicki. He said:

> This sense of community cohesion is particularly important for an area that's in transition. The sense of community in bringing people together becomes even more important when you are going through a tough time when the economic base is threatened. We are going through a transition where the oil is going away and a new business community is coming in. Which way is the community going to grow? Are these new people going to be integrated or not? One of the means to effect that integration is through the media, especially our local radio station. It supplies a way to give some sense of community identity.

"Are these new people going to be integrated or not? One of the means to effect that integration is through the media, especially our local radio station. It supplies a way to give some sense of community identity."